

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Debt Exemption in Lake and St. Joseph Counties

Frequently Asked Questions

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I live in Lake County (or St. Joseph County). Why is my tax bill higher than 1.5% of my value?

The property tax reform bill passed in 2008 specifically exempted from the caps any debt on the books when the bill was passed in Lake and St. Joseph Counties. This means that your actual cap is 1.5% of your home's value, plus the amount of your bill that is charged for such debt.

In 2010 and beyond, the actual cap will be 1% of your home's value plus this debt amount.

Does the exemption apply for all types of property or just homesteads?

The exemption applies to all taxpayers. For residential property that is not owner-occupied, agricultural land, and long-term care facilities, the cap is 2.5% plus the debt amount (2% plus debt in 2010). For business and other types of property, the cap is 3.5% plus the debt amount (3% plus debt in 2010).

If the local governments in my county incur more debt in the future, is this also outside of the cap?

No. The exemption only applies to debt that was incurred before July 1, 2008. Future debt will be subject to the cap unless it is approved by voters in a referendum process.

Why were Lake and St. Joseph Counties given this exemption?

The legislation specifies that a county qualifies for this exemption if it expects to lose more than 20% of its property tax collections due to the cap. The General Assembly determined that the qualifying counties were Lake and St. Joseph.

Does the exemption ever expire?

Current law does not provide for an expiration of this exemption. An expiration date of 2020 was built into the Constitutional amendment (SJR 1-2008) but was not included in the new law. However, the exemption would expire on its own once all the debt issued before 2008 is retired.

Was this due to the local government relief given by the Distressed Unit Appeal Board?

No. The debt exemption applies to all taxpayers in Lake and St. Joseph Counties and was authorized by the General Assembly. A second exemption was approved by the Distressed Unit Appeal Board (DUAB) and applies only to taxpayers in the City of Gary in Lake County. The DUAB granted a percentage reduction in the "circuit breaker credit" (the credit that brings taxpayers down to the cap), which reduces the losses to the City of Gary. The DUAB relief must be reauthorized every year.

Are there any other possible exemptions that I should know about?

The only other exemptions from the cap would be charges approved by voters in a public referendum. Voters themselves would have to authorize a local government to spend above the cap.